

COUNTRY PROFILE:**THE REPUBLIC OF IRELAND****DATED:****JUNE 2011****CREDIT GUARANTEE:**

IES/02: ATTACHMENT A

<i>Export Department Comment/ Opinion</i>	Rating 1A. Open Cover. Fair value of exposure and commitments. This is not a claims free market.	Euler Hermes: D Coface: A4/A1 Atradius: 2
	Sanctions: None	

Recent Political Highlights

- Ireland held general elections on the 25th of February 2011. The results of the election removed long time ruling party Fianna Fail in which Fine Gael won.
- Leader of Fine Gael Enda Kenny was sworn in as Prime Minister of Ireland on the 9th of March 2011. He is head of Government for a term of seven years and can be re-elected for another term.
- Fine Gael won 76 seats in Ireland's parliament and the Labour Party won 37 seats (they rule under a coalition).
- The Irish government cut public workers salary and introduced a series of harsh budgets in 2009 and made efforts to stabilize the banking sector by establishing the National Asset Management Agency (NAMA). However In 2010 former Prime Minister Brain Cowen's government accepted an \$112bn loan from the EU and IMF to help recapitalize the banking sector as well as to help Ireland avoid defaulting on its sovereign debt.

Recent Economic Highlights

- Ireland's population is estimated to be 4.7m in 2011 with a growth rate of 1.1%. 62% of Ireland's people are urbanized and 4.2% of Ireland's population lives below the poverty line. The life expectancy is 80 years and 99% of the Irish people are literate.
- Ireland was the first country in the EU to go into recession, its first in more than ten years; in 2009 a four year austerity plan to cut its budget by an additional \$20bn was initiated.
- Ireland is a modern trade-dependant economy. Ireland's GDP growth rate from 1995 to 2007 averaged 6%; since then it fell by 3.5% in 2008, by 7.6% in 2009 and in 2010 by 0.6% with further contraction expected in 2011.
- Ireland's GDP per capita fell from \$41.900 in 2008 to \$37.600 in 2010, ranking 30th in the world.
- The onset of the world financial crisis and low demand in domestic property and construction markets caused the unemployment rate to increase from 11.8% in 2009 to 13.7% in 2010.
- Ireland's inflation averaged -0.9% in 2010 as a result of the unemployment crisis, public workers wage cut, low consumer spending and low consumer confidence.
- In December 2010 Fitch Ratings downgraded Ireland from A+ to BBB+ followed in February 2011 by S&P downgrading Ireland from A to A- with a negative outlook. In April 2011 Moody's downgraded Ireland to Baa3 from Baa1, just above junk status with a negative outlook.

Latest Trade Developments

- Major exports: machinery and equipment, computers, chemicals, pharmaceuticals, live animals and animal products.
- Major imports: data processing equipment, other machinery and equipment, chemicals, petroleum and petroleum products, textiles and clothing.
- Main trading partners: US, UK, Germany, France, Netherlands, Belgium and Spain.
- SA's exports to Ireland totaled R1bn in 2009; R1.1bn in 2010; and R266m from January to March 2011.
- SA's imports from Ireland totaled R4.4bn in 2009; R5.3bn in 2010 and R1.2bn from January to March 2011.

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